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ABSTRACT

This three-part curriculum for entrepreneurship education is primarily for postsecondary level, including four-level colleges and adult education, but it can be adapted for special groups or vocational teacher education. The emphasis of the eight instructional units in Part III is operating a business. Unit F focuses on proper management of human resources. It provides information on putting together a program that will fulfill a company's needs. Material is organized into three levels of learning which progress from simple to complex concepts: Exposure, Exploration, and Preparation/Adaptation. Each level contains preassessment; teaching/learning objectives; substantive information (questions in margins guide the students' reading); activities, including a postassessment; and a self-evaluation. Definitions of important terms are found at the beginning of the unit; a bibliography and listing of sources for further information are appended. The four-page instructor's guide contains the teaching/learning objectives, teaching/learning delivery suggestions, and pre/postassessment suggested responses. (YLB)

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Research and Development Series No. 194 C-6

P A C E

A PROGRAM FOR ACQUIRING COMPETENCE IN ENTREPRENEURSHIP

PART III: Being an Entrepreneur
UNIT F: Managing Human Resources

The National Center for Research in Vocational Education
The Ohio State University
Columbus, Ohio 43210

1980

CE 028 166

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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PART III: BEING AN ENTREPRENEUR

UNIT F: MANAGING HUMAN RESOURCES

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FOREWORD

Traditionally vocational education has been geared primarily to preparing students for employment--to preparing employees. Yet there is another career path available; students can learn how to set up and manage their own businesses. They can become entrepreneurs.

Vocational education, by its very nature, is well suited to developing entrepreneurs. It is important that entrepreneurship education be developed and incorporated as a distinct but integral part of all vocational education program areas. A Program for Acquiring Competence in Entrepreneurship (PACE) represents a way to initiate further action in this direction.

The strength behind these instructional units is the interest and involvement of vocational educators and successful entrepreneurs in the state of Ohio and across the nation. Special recognition is extended to the project staff: Lorraine T. Furtado, Project Director and Lee Kopp, Program Associate. Appreciation is also expressed to the many who reviewed and revised the drafts of the units: Ferman Moody, Hannah Eisner, and Sandra Gurvis. We owe a special thanks to those consultants who contributed to the content of this publication: Carol Lee Bodeen, Louis G. Gross, Douglass Guikema, Peter G. Haines, Philip S. Manthey, Charles S. McDowell, Mary E. McKnight, Steven R. Miller, Barbara S. Riley, Barbara A. Rupp, Ruth Ann Snyder, Robert L. Suttle, Florence M. Wellman and Roy H. Young.

Robert E. Taylor
Executive Director
The National Center for
Research in Vocational Education

HOW TO USE PACE

A Program for Acquiring Competence in Entrepreneurship (PACE) is a curriculum responsive to the need for instruction in entrepreneurship. It is primarily for postsecondary level, including four year colleges and adult education, but it can also be adapted for special groups. PACE is divided into three parts (1) Getting Ready to Become an Entrepreneur, (2) Becoming an Entrepreneur (establishing a business), and (3) Being an Entrepreneur (operating a business).

Each of the three parts has a set of instructional units which relate to that topic. Within these units, the material is organized into three levels of learning: Exposure, Exploration, and Preparation/Adaptation. These levels of learning progress from simple to complex concepts.

The levels of learning will enable you to use the PACE materials to suit your individual needs. You may find it best to work with the exposure level of one unit and the exploration level of another. Or, you may choose to pursue one level throughout the entire series. You might also want to work through two or more levels in one unit before going on to the next unit.

Before beginning a unit, discuss with your instructor what level or levels of learning in that unit are most appropriate to your goals and abilities. Read the unit overview and look through the pre/post-assessments for the three levels to help you in your choice. Also check the list of definitions you might need to look up or research for that level.

When you are ready to start, turn to the level you have chosen, take the preassessment and identify those items which you feel need special attention in the unit. Also look at the learning objectives; they will tell you what you should be able to do by the time you finish that level of learning.

As you read, you will notice questions in the margins alongside the substantive content portion of each level. Use these questions to guide your reading.

At the end of each level of learning are activities which help you become involved with the content presented in the unit. You and your instructor can decide on how many activities you should do; you may want to do several or you many need to do all.

Then, evaluate yourself. Is there any material that you need to review before you take the postassessment? The difference in your answers on the pre/postassessments should show you how much you have grown in your knowledge of entrepreneurship.

When you and your instructor feel that you have successfully completed that level, you are ready to begin another level of learning, either in the same unit or in another.

OVERVIEW OF THE UNIT

In every successful business, a great deal of time is spent developing personnel policies and procedures which will improve employee productivity, encourage creativity, and, in general, make employees happy about working for the firm. These employers realize that good employees are a firm's most important asset.

Once a business venture grows big enough to hire an employee, the entrepreneur must develop a personnel program. Naturally, if a firm only has a few employees, the program will be very simple. Yet, written policies and procedures for finding and retaining good employees must be established. Efforts must be made to maintain good company communications, employee training, and health and safety programs.

This unit discusses proper management of human resources. It outlines the responsibilities of a personnel program and provides information on putting together a program that will fulfill your company's needs.

PACE

PATH OF STUDY

PART I-- GETTING READY TO BECOME AN ENTREPRENEUR

Unit I A

Unit I B

Unit I C

PART II-- BECOMING AN ENTREPRENEUR

Unit II A

Unit II B

Unit II C

Unit II D

Unit II E

Unit II F

Unit II G

PART III -- BEING AN ENTREPRENEUR

Unit III A

Unit III B

Unit III C

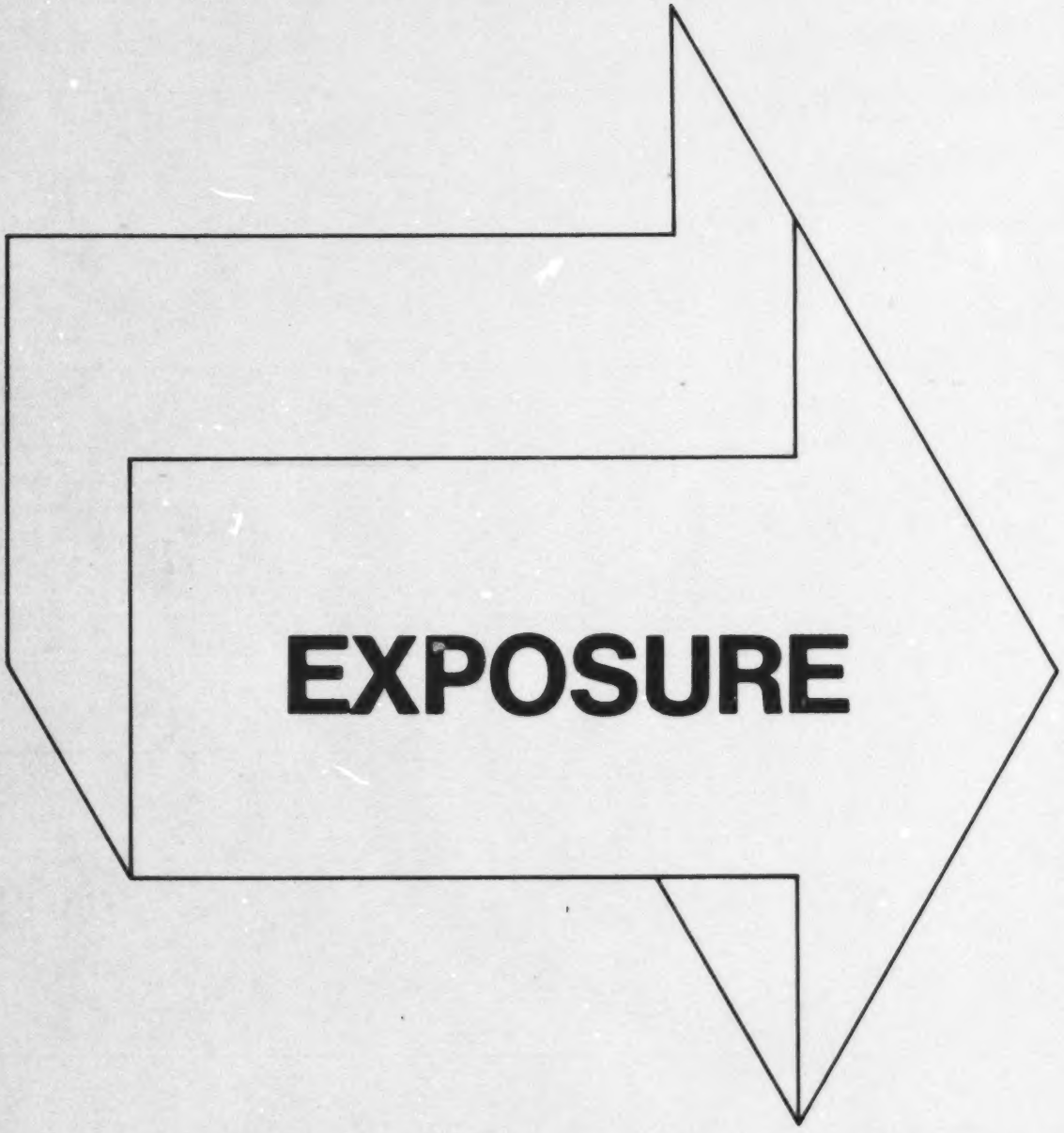
Unit III D

Unit III E

Unit III F-- Managing Human Resources

Unit III G

Unit III H


EXPOSURE

PREASSESSMENT

Here are some questions that test for knowledge of the contents of this level. If you are very familiar with the information needed to answer them, perhaps you should go to another level or unit--check with your instructor. Otherwise, jot down your answers. After you've read through this level, take the postassessment at the end of the "Exposure Activities" section and measure what you've learned.

1. What are the personnel management functions?
2. Set up an organization chart for your firm which clearly delineates management of the human resources function.
3. What are two methods commonly used by firms to communicate with employees?
4. React to this statement: "Successful businesses long ago recognized the difference between finding and retaining good employees."

TEACHING/LEARNING OBJECTIVES

Upon completion of this level of instruction, you should be able to:

1. Identify the functions of personnel management.
2. Explain the various ways in which the personnel function is organized.
3. Describe company communication programs via newsletter, employee handbook, special events for staff, and written memos.
4. Describe the responsibilities employers have to employees.

SUBSTANTIVE INFORMATION

FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

WHAT ARE THE FUNCTIONS OF MANAGING HUMAN RESOURCES?

The functions of human resource management include:

1. Employment and placement
2. Training
3. Benefits and services
4. Transfer, promotion, and separation
5. Payroll and records
6. Health and safety.

When you first open a business you are concerned with hiring and staffing the company. Thereafter, maintaining employee productivity, evaluating employee performance, and dismissing employees begin to take up more of your time.

Employment and Placement

WHAT ABOUT EMPLOYMENT AND PLACEMENT?

Placement is the first step to high employee morale. A key factor in the successful operation of any business is matching the right job to the right person. A procedure for determining the applicant's strengths must be developed and implemented. If the employee is happy performing the job and feels good about the contribution being made, then the biggest of your employee problems is solved.

Training

WHAT ABOUT TRAINING?

After the applicant has been matched to the job which meets his or her skills, the employee may need some additional training. This training may be on the operation of a particular piece of equipment, or it may be an intensive study, for example, certification in insurance sales. This training should be organized; goals and objectives should be identified. The training should be provided by a person with expertise in the skill, knowledge, and attitudes being taught.

Benefits and Services

WHAT ABOUT BENEFITS AND SERVICES?

All employees are concerned with the benefits or services that a company has to offer them. These include health insurance, paid insurance, paid vacations, profit-sharing programs, retirement programs, birthdays off with pay, employee discounts, or company services (such as cleaning, altering, or painting an item free if it is a business related concern). You, as the employer, need to know what other companies similar to yours are doing for their employees. Remember, you may be in competition for highly skilled individuals and you may lose a good prospective employee because you weren't aware of what the other company had to offer. Make sure that you are at least meeting competition with your program.

Transfer, Promotion and Separation

WHAT ABOUT TRANSFER, PROMOTION AND SEPARATION?

Employee transfer, promotion and separation primarily involves employee evaluation. Employers need to continually be aware of each employee's performance. Regardless of the size of the company, all employees should be periodically evaluated and should be informed of the results of that evaluation.

In an evaluation program, goals should be set and a program established to help the employees reach those goals. This way, company operations are established in an efficient, objective manner. Promotions and raises can be meted out fairly. A good personnel program provides rewards such as promotions and raises to persons meeting specific standards. Conversely, evaluations should identify those employees not working up to company standards. It may become necessary to separate employees because they cannot perform the job in an acceptable manner. Such employees might perform more effectively in another company.

Payroll and Records

WHAT ABOUT PAYROLL AND RECORDS?

You will need to hire someone trained in payroll and record keeping or allocate a specific amount of time each week to perform these activities. A working knowledge of the most current forms and practices required by federal agencies is imperative. You will also need to be aware of all the records that must be maintained on each employee, such as records of hours worked, taxes paid by the company, taxes withheld from

employee's pay and sent to the Internal Revenue Service (IRS), insurance paid, unemployment compensation paid, and profit-sharing.

Health and Safety

WHAT ABOUT HEALTH AND SAFETY?

In 1970 the Occupational Safety and Health Act was legislated. The Act requires employers to be responsible for providing a safe and healthful work place.

One out of every eight workers has a work-related illness or accident each year. Safety training should be provided to your employees in an effort to reduce accidents. This training can take the form of intensive training sessions, weekly meetings, or placing signs in areas where accidents might occur and extra caution should be taken.

There should be an area in your firm set aside for employees with health problems. The public health department of your county or city will assist you with this. The area should include space where an ill employee can lie down. Minor medical supplies should be readily available, as well as information on where to reach medical assistance in case of emergency.

IMPORTANCE OF PERSONNEL MANAGEMENT

WHY IS PERSONNEL MANAGEMENT SO IMPORTANT?

Successful firms have always recognized that personnel functions are vital if good employees are to be found and retained. The size of your firm and the number of employees will determine if these functions should be performed by one person, perhaps you, or if the duties should be assigned to a

group of employees. But the personnel functions must be performed, regardless of the number of people or the department assigned the responsibility.

In its publication, Personnel Management, the Small Business Administration emphasizes the importance of personnel management.

1. *The firm's employees--especially the most qualified ones--can get comparable, if not better, jobs with other employers.*

2. *When a firm faces a scarcity of supervisory and specialized personnel with adequate experience and job capabilities, it has to train and develop its own people.*

3. *The cost of hiring and training employees at all levels is increasing, for instance, several thousand dollars for a salesperson. A mistake in hiring or in slow and inefficient methods of training can be costly.*

4. *Personnel managers must comply with the law by employing and training persons from minority groups. The problem in doing so is that many of these employees may need intensive training because of the lack of experience and education.*

5. *Most employees, whether or not represented by labor unions, continue to seek improvements in direct compensation, employee benefits, and working conditions. All commitments must be based upon what the firm can afford, comply with current practices of other employers, and be understood and accepted by the employees. To do this, all employee policies and operating procedures should be developed and negotiated with care.*

6. *Some employees may not perform satisfactorily just because their firm offers competitive compensation, benefits, and working conditions. In addition to these financial or physical compensations, responsibility, opportunity to develop, or some recognition of accomplishment in their jobs is necessary.* (Personnel Management, p. 3)

UNION RELATIONS

WHAT ABOUT UNIONS AND SMALL BUSINESS?

Small firms are less likely to be unionized than large firms. On the other hand, small firms in certain industries, such as printing, manufacturing, trucking, and construction are likely to have union contracts. Small businesses located in heavily industrialized areas are also more likely to be unionized.

Many entrepreneurs seem to have strong feelings against unionization. Often entrepreneurs perceive activities on the part of their employees to unionize as a personal insult. They believe only a few of their employees are unhappy or that "outsiders" (presumably nonemployees) have created dissatisfaction among the workers.

Employees may become members of a union for a variety of reasons including better economic and working conditions, desire to have control over benefits, and desire for self-expression. At times, workers organize simply because they believe their interests and those of management are different.

The presence of a union need not be regarded as a tragedy. Many small firms enjoy cooperative, positive relationships with unions.

EMPLOYER OBLIGATIONS

WHAT OBLIGATIONS DO ENTREPRENEURS HAVE TO THEIR EMPLOYEES?

Your employees are an important part of your business. You may employ sales people, janitors, secretaries, production workers, supervisors, etc. Regardless of occupation, certain

basic guidelines are established by law, and, in order to have a successful business, you need to be responsive to these needs. The following requirements should be evaluated for implementation:

1. You must provide a reasonably safe and suitable place for employees to perform their jobs. What constitutes a "reasonably safe and suitable place" should be determined by the nature of the work and the dangers common to that particular occupation. An employee should not be exposed to undue risks and dangers.
2. You must provide your employees with safe and suitable tools, machinery, and appliances to use in completing their assigned jobs. If dangerous machinery is used, appropriate safeguards must be taken. You must instruct inexperienced employees on the use of dangerous machinery and the risk involved in its careless use.
3. You must have a work staff that is large enough to handle the workload. Nothing will demoralize employees faster than being assigned more work than they can complete.

COMPANY COMMUNICATIONS

WHAT DO COMPANY COMMUNICATIONS INCLUDE?

Both you and your employees can benefit from a company communication system. Company communications should be two-way. Employees can use it to inform you of their thinking and you can use it to make them aware of your concern and reactions.

You should know what your employees are thinking and doing and they should be informed of company plans that will affect them.

An employee handbook serves as a link between the employee and you. When employees begin working for your firm, there will be a great deal of information to provide about the job, such as work hours, pay, company rules, etc. If you have an employee handbook, they can simply review the materials and then meet with you or another employee to discuss any questions.

Other forms of communication include company newsletters, bulletin boards, and written memos. It is important that the employees be involved in these activities. Such participation will foster employee interest in company objectives.

Hopefully, your employees will take pride in working for your company, and will feel that they are contributing to a successful business operation. Employees who feel as if they are part of a special group are more productive.

COMPANY GROUPS

WHAT ARE COMPANY GROUPS?

Company groups help employees get acquainted with other employees. Workers get to know their coworkers in a different light--away from the business. Company organized groups may be classified as those that are socially oriented or company oriented. The socially oriented organizations are the bowling leagues, the golf team, and the softball or basketball team, etc. The company oriented groups are those with company related objectives. For example, an inventors' club in a manufacturing

company includes the designers and engineers who have invented a new mechanism for the firm. Another example is an investors' club whose members are involved in making investments in either their own company or in another company. Members of the investors' club become familiar with the activities the employer goes through to make a profit on capital gains.

EXPOSURE ACTIVITIES

As you have just read, managing human resources is a very important part of all businesses. Now that you have learned about managing human resources, try these activities.

ASSESSMENT ONE

1. Interview an entrepreneur in your community who owns a business similar to one you would like to own. Ask him or her to explain the company's personnel program. Does the firm have a reward system? What is the company's hiring policy?
2. Interview four business persons in your community to determine how they have organized the human resources functions. Develop an organizational chart for each company. Identify each personnel function and indicate where in the organization the function is assigned.
3. For your company, design a communication system. Which communication methods would you use? Assume you want to inform employees of your interest in establishing an organized company group which is socially oriented. Prepare a newsletter article, a memo, and a bulletin board item on the subject.
4. Contact at least four small businesses in your community to determine the benefits offered to employees by employers. Include information on how

many of the firms contacted offered the same benefits (for example, a retirement plan).

POSTASSESSMENT

1. List all the personnel management functions.
2. Develop an organization chart for your firm which clearly shows where and how the human resources function will be managed.
3. Name and describe two methods commonly used by firms to communicate with employees.
4. React to this statement: "Successful businesses long ago recognized the difference between finding and retaining good employees."

Compare your answers to your responses to the preassessment. You may want to check your postassessment answers with your instructor.

SELF-EVALUATION

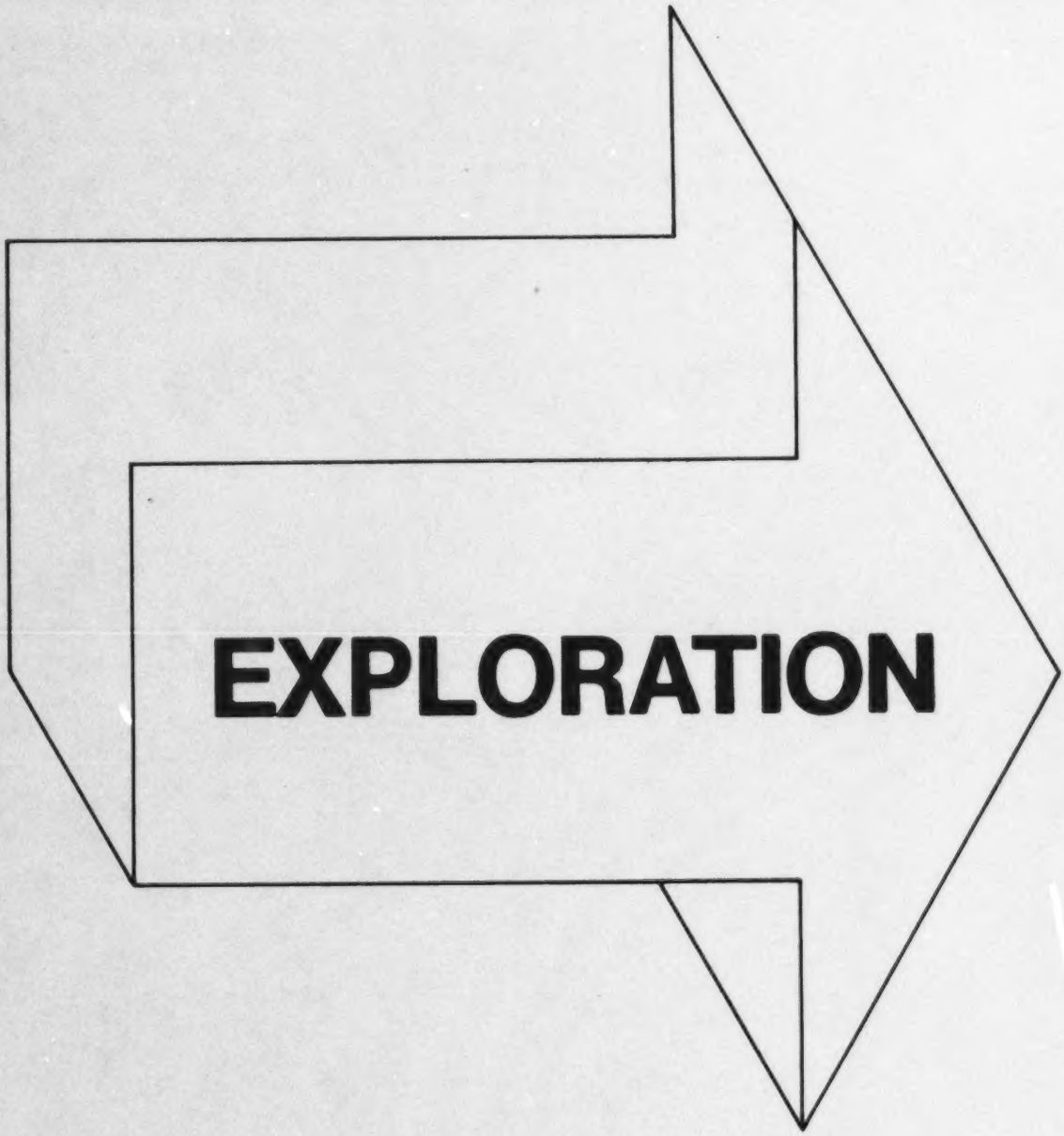
How well did you know the information needed to do the activities?

( ) Very well

( ) Fairly well

( ) A little

Be honest with yourself. If you feel you don't know the material well enough, it might be helpful to review this section before going on.


EXPLORATION

PREASSESSMENT

Here are some questions that test for knowledge of the contents of this level. If you are very familiar with the information needed to answer them, perhaps you should go to another level or unit--check with your instructor. Otherwise, jot down your answers. After you've read through this level, take the postassessment at the end of the "Exploration Activities" section and measure what you've learned.

1. What common techniques are used to perform the personnel functions?
2. Describe the advantages and disadvantages of company organized groups.
3. What outcomes can be expected by a firm using effective communication systems?
4. Under what conditions are employers liable for employee accidents?
5. Identify those employee benefits you believe a firm ought to make available.

TEACHING/LEARNING OBJECTIVES

Upon completion of this level of instruction you should be able to:

1. Identify accepted practices in hiring, maintaining, training, evaluating, and dismissing employees.
2. Describe the advantages and disadvantages of company organized groups.
3. Describe effective company communication methods and identify the outcomes expected from an effective communication system.
4. Identify the conditions to be considered in deciding if an employer is liable to third parties for employee caused accidents.

SUBSTANTIVE INFORMATION

PERSONNEL PRACTICES

WHICH PERSONNEL PRACTICES ARE MOST OFTEN USED BY ENTREPRENEURS?

All of the personnel management functions must be performed, even if you only have one employee. It is important for you to "keep on top" of current practices so you can be competitive. Each of the personnel functions listed below will be discussed in detail: employment and placement; training; benefits and services; transfer, promotion and separation; payroll and records; and health and safety.

Employment and Placement

WHAT ABOUT EMPLOYMENT AND PLACEMENT?

The employment application is a basic step in the employment and placement function. Applications give you, the employer, some information about the applicant's background.

Whenever possible, employers ought to go through a three-step process to screen applicants. The three-step process involves (1) deciding the kind of applicant needed, (2) contacting sources to assist in recruiting applicants, and (3) screening the applicants cautiously in order to select the best ones. When placing an applicant on the job, play matchmaker. Employee productivity increases when a person is doing the type of work to which he or she is best suited.

The processes used for hiring and placing applicants vary as greatly as the number of businesses surveyed. The amount of information sought about an applicant in the

screening process is usually directly related to the size of the business.

The amount of screening done also varies. Some companies, because of the work involved, need a particular type of person. It is necessary for other businesses to design exercises that test for skills the applicant would use on the job. Often, small entrepreneurs have such an urgent need that they omit usual procedures. Production schedules, which dictate how soon a new employee will be needed, also affect the amount of information the employer seeks about an applicant. Reference checks on the applicant's past work experience might be a step that can be omitted if you are located in a small community where you know the applicants personally.

Training

WHAT TYPE OF TRAINING SHOULD BE MADE AVAILABLE?

Training programs for various jobs differ with the type of organization and the detail involved in the job. The depth and length of training seem to be determined by the detail or level of skill involved in the position and the size of the company. Many businesses assign a coworker to train the new employee. Other companies may have a formal training program with a specific starting time. No matter how small a business might be, some training must occur. Every new employee needs, at minimum, an orientation to the company.

Benefits and Services

WHAT BENEFITS AND SERVICES ARE REQUIRED OF THE EMPLOYER?

If you are starting a new company, you need to think seriously about the benefits and services you can offer employees. Employees should be aware of the dollar amount of your benefits program. During your first year of operation, you may not be able to offer them very many benefits.

There are some services that you, as an employer, must provide. One such service is that of providing health insurance. One type of insurance is worker's compensation. Worker's compensation insurance is required by law in almost every state. If any of your employees is injured or killed as a result of her or his employment, the employee (or beneficiary) becomes eligible for benefits.

As an employer, you will have to determine the cost of fringe benefits you want to offer. Fringe benefits represent additional income for employees. For example, many businesses have made it possible for their employees to obtain life insurance at wholesale rates through group insurance. Group insurance is normally less expensive than the premium rates individuals must pay. In some cases, businesses pay part of the insurance premium. Another advantage of group insurance is that it usually involves no physical examination. Some employees, were they to attempt to obtain insurance on an individual basis, would be unable to pass the physical examination required.

Transfer, Promotion, and Separation

WHAT'S INVOLVED IN TRANSFER, PROMOTION, AND SEPARATION?

Companies use different promotion policies. Some entrepreneurs may promote or transfer employees based on their instincts or personal opinions. This method has drawbacks since employees may feel their boss is "playing favorites." The same feeling may exist when someone is fired. Employees may accuse the entrepreneur of being unfair.

Written policies regarding transfers, promotions, and separations should be developed and explained to employees. An evaluation system must be developed. With a good evaluation system, employees know when they will be evaluated and what behavior is expected. Systematic evaluations also give you, the entrepreneur, a documented history of the employee's performance, whether it be good or bad. You can then be very accountable for your actions.

Evaluation of employee performance is an important personnel function. You should check with other entrepreneurs to see how employee performance is evaluated.

You will also want to share with your employees what you are anticipating in the way of future company growth. In addition, your promotion policy ought to be known by all employees.

Payroll and Records

WHO TAKES CARE OF THE RECORDS?

It is imperative that you keep accurate records for reporting information to outside sources. Government agencies such as the IRS require that you keep accurate records. Usually the beginning entrepreneur needs to contact an accountant to help with the firm's books. Paying employees, figuring time cards, counting piece work, determining employee's commissions, and knowing how much to deduct from each paycheck and where each paycheck should be sent are all areas that an accountant or bookkeeper can probably handle very efficiently.

Employee Health and Safety

WHAT ABOUT HEALTH AND SAFETY?

If it were possible to compile the costs of industrial accidents during one year, the sum would be enormous. Each year several thousand workers lose their lives, and many times that number are injured. No doubt many of the accidents could have been prevented.

Accidents are due to mechanical, physiological, or psychological causes. The mechanical causes include unguarded or defective machinery, slippery floors, and obstructed passageways. Such causes usually can be eliminated if proper care is exercised on the part of management. The physiological causes of accidents include long hours of work, inadequate lighting, tasks that are dull and monotonous, etc. These causes cannot always be eliminated, but they can be reduced somewhat by maintaining proper working conditions. The

psychological causes include ignorance, recklessness, carelessness, or inexperience. To eliminate these causes, both worker and entrepreneur must cooperate.

Training programs can help reduce all types of accidents. Some businesses have a very formal program of safety education for all employees and others may have a very informal program. The amount of time and money spent in this area depends greatly on the type of business and the employees' needs. If you are going to open a business that has high accident rate occupations, then the type of safety program you implement should be very comprehensive. If you are in a business which has low accident rates, then giving employees safety information during on-the-job training and posting signs in strategic places around the work station might be sufficient.

In 1970 the Occupational Safety Health Act became law. The Act requires employers to provide safe and healthful work places. Failure on the part of the employer to use the necessary safeguards to protect the health and the lives of the employees subjects the employer to liabilities for damages if an injury occurs. Many states have expanded the Act's provisions and have even developed legislation of their own to protect employees. Practically every worker, other than domestic and household workers, and miners, is protected.

UNION/MANAGEMENT RELATIONS

IS UNIONIZATION COMMON AMONG SMALL BUSINESSES?

Small business is generally less unionized than large business. However, workers in some industries, such as small manufacturers, printing companies, trucking firms, construction enterprises, and barber shops are likely to be unionized.

The main function of unions is to improve employee working conditions, salaries, and benefits. Unions have assumed active roles in getting improved vacation and holiday plans, retirement pensions, and health care programs for their members. Some small nonunionized businesses make a conscious effort to improve working conditions by maintaining wages, hours of work, and benefits that are equal to or better than unionized firms and by providing grievance procedures and devices to improve communication.

Employers take different sides of the union question. Some entrepreneurs cooperate with employees and unions while others assume a very anti-union position. The small businessperson may view his or her employees joining a union as a personal affront to management. However, responsible employers working with responsible unions will implement effective employee personnel programs.

EMPLOYER LIABILITY FOR EMPLOYEE ACTS

ARE EMPLOYERS RESPONSIBLE FOR THE ACTS OF EMPLOYEES?

Employers are liable to third parties for those wrongful acts of their employees that they command, tolerate, or approve. Employers are also liable to third parties for

injuries caused by the negligent or malicious acts of their employees while the employees are acting within the scope of their employment. If, for example, you own a lawn care service and one of your employees ruins a customer's lawn by spraying the wrong chemical, you are liable. Employers are not liable if the acts are outside the authority of the employees. For example, an employer is not responsible for acts committed after working hours and off the premises. Some of the conditions to be considered in deciding whether an act is within the scope of employment are (1) the nature of the work, (2) the employee's customary duties, and (3) the employer's approval or ratification of the act.

COMPANY ORGANIZED GROUPS

WHY DO COMPANIES ORGANIZE GROUPS?

Human relations within a company are sometimes fostered by the organization of groups such as softball teams, hobby clubs, and hospital service groups. Some companies prefer not to support company organized groups. They believe such activities are too costly, or that they should take place on the employees' own time. A firm may feel the social aspects of the organization will not help achieve the company's objectives.

On the other hand, some entrepreneurs feel the benefits to be gained from organized groups will far outweigh the expense to the company. Those who support company organized groups say employees who participate in such groups develop

a positive attitude towards the company, feel greater loyalty for the business, and are also more apt to share these positive feelings with neighbors and others in the community. All of these outcomes add to the image of the firm. Firms which support company organized groups are perceived as supportive members of the community by employees as well as by the citizenry.

EFFECTIVE COMMUNICATIONS

WHY WORRY ABOUT COMPANY COMMUNICATIONS?

An employee's job performance and behavior are greatly affected by communications. Therefore, you need to communicate with your employees in an effective manner. Effective communications assure an entrepreneur of having informed workers. Good communications can improve the image of the company when satisfied employees share their positive feelings with the community.

When you start your business, you will have many tasks to perform, and developing methods that you can use to communicate between you and your employees may not be the first item on your "must do" list.

As an entrepreneur, you may not always have the time to schedule an appointment with employees to share information. You may have to write a message. If you cannot do this in an accurate and easily interpreted manner, then your employees may not be able to follow your directions. In addition, the message may not be understood correctly, and the reader may be offended.

One way of alleviating this problem is to have a company newsletter. This newsletter, published on a regular basis, helps to keep employees informed and up-to-date. Regular publication also shows management's commitment to supporting communication within the firm. Newsletters should be filled with information about employees. Since most people like to see their name in print, a newsletter emphasizing their achievements or contributions to the company will make them feel pleased and important. Employees should also be involved in the publication of the newsletter; they will feel they have more input into the company.

In summary, the functions of personnel and ways in which the management team can involve the employees through communications and organized groups comprise the management of your human resources. As you begin to bring your total business plan into focus, you can think through the pros and cons of including all of these components in your firm's personnel program. At the beginning you may have only one employee besides yourself, so some of the programs described may not be appropriate.

EXPOSURE ACTIVITIES

Do you feel knowledgeable enough in managing human resources to utilize the functions discussed in this level? The following activities will help you experience some "real" situations. After completing the activities, do a self-evaluation to check your understanding of the material.

ASSESSMENT ONE

1. Interview four small business owners in your community; if possible, a retailer, a manufacturer, a wholesaler, and a service owner/manager. Ask them about the practices used in hiring, maintaining, training, evaluating, and dismissing employees, in addition to examples of written policies for each personnel function.
2. Using the information gained in No. 1 above, prepare a chart of your findings to compare the practices of each firm. Prepare a three-page report for each function summarizing the common practices of each company (see below).

Business	Hiring	Maintaining	Training	Evaluating	Dismissing
Business A					
Business B					
Business C					
Business D					

3. Collect five different examples of company communication methods by small organizations. Try to include a company newsletter as well as a poster and bulletin board material.
4. Make a chart showing the differences in employee benefits offered by three small businesses in your area.

POSTASSESSMENT

1. Describe common practices (techniques) used to perform each of the personnel functions.
2. Describe the advantages and disadvantages of company organized groups.
3. Identify the outcomes expected by a firm using effective communication systems.
4. Explain the conditions under which employers are liable when an employee has an accident.
5. Identify two employee benefits that a firm ought to make available.

Compare your answers to your responses to the preassessment. You may want to check your postassessment answers with your instructor.

SELF-EVALUATION

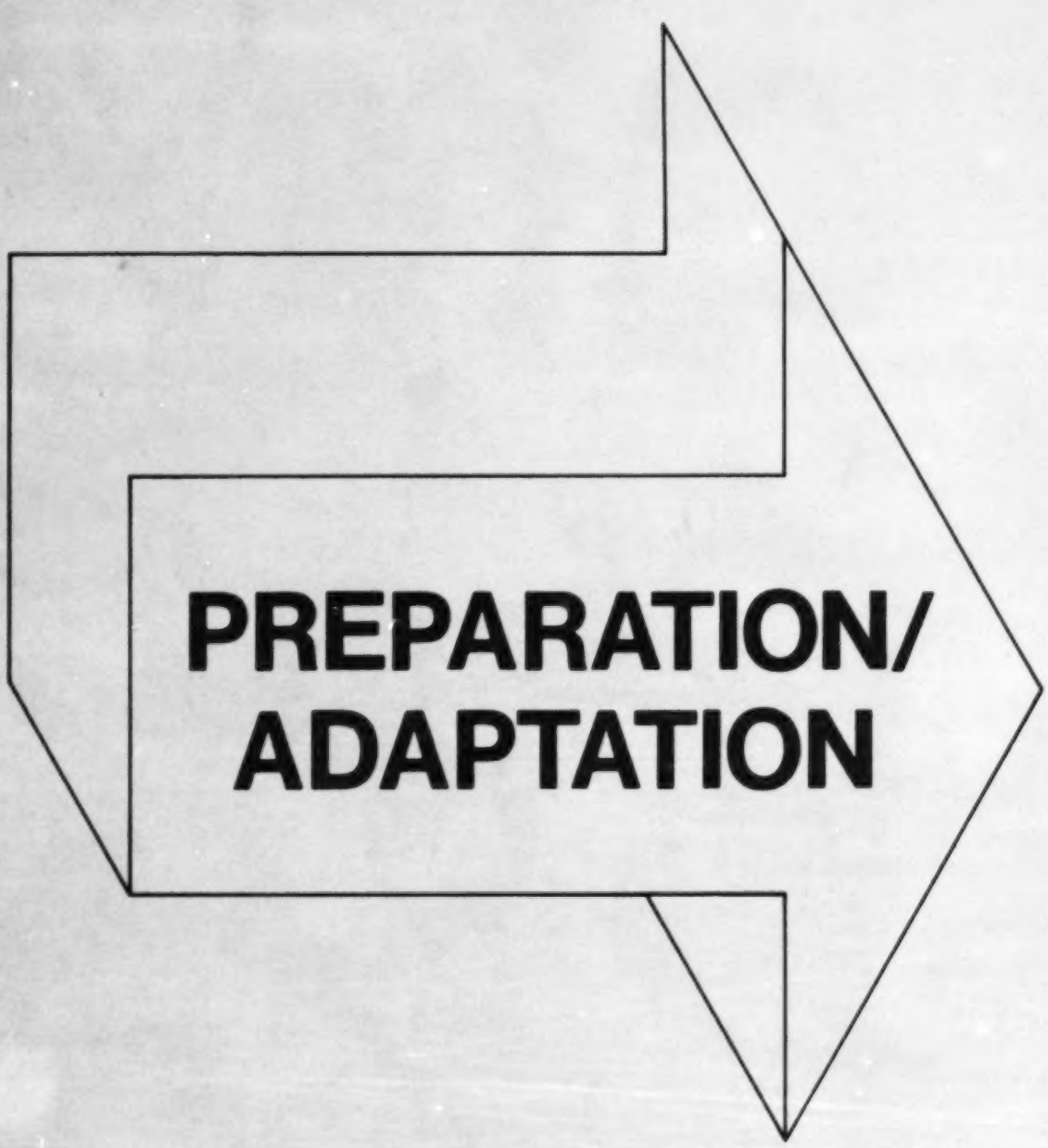
How well did you know the information needed to do the activities?

( ) Very well

( ) Fairly well

( ) A little

Be honest with yourself. If you feel you don't know the material well enough, it might be helpful to review this section before going on.


PREPARATION/
ADAPTATION

PREASSESSMENT

Here are some questions that test for knowledge of the contents of this level. If you are very familiar with the information needed to answer them, perhaps you should go to another level or unit--check with your instructor. Otherwise, jot down your answers. After you've read through this level, take the postassessment at the end of the "Preparation/ Adaptation Activities" section and measure what you've learned.

1. What are the steps which must be used when performing each personnel function?
2. What procedures can be used by a firm in developing company organized groups?
3. Select one company communication method and describe its dissemination in detail.
4. Propose a specific safety program for your firm. What rules and regulations would you develop?
5. What employee retirement programs might you consider for your firm?

TEACHING/LEARNING OBJECTIVES

Upon completion of this level of instruction you should be able to:

1. Identify techniques used in human resource management.
2. Name the procedures for developing company organized groups.
3. Identify company communication techniques.
4. Outline a safety program plan for the type of business you want to open.

SUBSTANTIVE INFORMATION

IMPORTANCE OF PERSONNEL MANAGEMENT

ARE THERE "STEPS" TO FOLLOW TO PERFORM THE PERSONNEL FUNCTION?

Successful entrepreneurs realize how important personnel management is to the operation of the business. Effective personnel management techniques will influence the quality of employee morale, productivity level, and employee turnover rate. You should ask yourself, "How can I, as an entrepreneur, efficiently implement effective personnel practices?" All businesses, no matter how small, need to at least consider all the personnel functions: employment and placement; training; benefits and services; transfer, promotion, and separation; payroll and records; and health and safety.

EMPLOYMENT AND PLACEMENT

HOW DO YOU RECRUIT EMPLOYEES?

Recruiting personnel is an important function. Recruiting may involve placing an ad in a local paper, securing the services of a personnel agency, or merely putting up a "Help Wanted" sign in the window.

Before you begin to recruit applicants, it is important that you identify the exact tasks which need to be performed on the job. This information will help you develop a job description. Knowing the job requirements will assist you in screening the applicants. If the job requirements have been defined properly, your task of finding the right employee for the job will be much easier. When defining the job

requirements, give concrete facts, and specfically spell out the skills required. For example, state, "The employee should be able to lift 25 pounds," rather than "The employee must be strong."

Are you aware of the Equal Employment Opportunity (EEO) mandate? You will need to be knowledgeable about these guidelines. Basically, this law states that you, as an employer, will not discriminate in your hiring by showing partiality to anyone on the basis of race, religion, or sex.

The office of your local Employment Security Commission can provide you with examples of application blanks. You may need to modify these forms to fit your needs, such as for special skills the applicants need to possess to work in your business. You can add questions requesting the type of information you need to make decisions regarding an applicant's suitability for your company.

Conducting the Employee Interview

WHICH APPLICANTS SHOULD YOU INTERVIEW?

Once the applicant has completed the application blank, you may use the information it contains for an initial screening. In reviewing the application you may find some individuals who do not qualify because of lack of experience, transportation, or other job requirements. Schedule a personal interview for those applicants who seem to qualify.

When conducting an interview, watch for nonverbal clues and the applicant's response to questions. When the employer

first greets the applicant, many nonverbal clues may be noted. Does the applicant give an impression of really wanting the job by arriving on time, making sure you know her or his name, shaking hands and mentioning the job for which he or she is applying? During the interview, you should maintain eye contact. You need to ask the applicant questions which will give you information regarding dependability, ability to do the job, and ability to get along with other people. You should also ask questions regarding any specific skills the job requires. The applicant should respond to your questions with accurate facts.

TRAINING

WHAT KIND OF TRAINING SHOULD YOU PROVIDE?

The training program may be on-the-job or it may be classroom training. Or it may be a combination of both. You will also need to decide how formal or informal the training program needs to be.

You will need to take a close look at the type of training needed. In developing a training program, you might want to consider the following:

1. *What is the goal of the training?*
2. *What does the employee need to learn?*
3. *What type of training?*
4. *What method of instruction?*
5. *What audio-visual aids will you use?*
6. *What physical facilities will you need?*
7. *What about the timing?*
8. *Who will be selected as instructor?*
9. *What materials should be selected?*
10. *What will the program cost?*
11. *What checks or controls will you use?*
12. *How should the program be publicized?*

(from Checklist for Developing a Training Program)

Answers to these questions will allow you to outline the process you will go through in setting up a training program.

BENEFITS AND SERVICES

WHAT BENEFITS/ SERVICES SHOULD YOU PROVIDE?

To provide adequate employee benefits and services, you will need to consult with experts in the field. Companies are very competitive. Rising medical costs have caused the price of insurance coverage to skyrocket. It is best to shop around. For example, you should contact several different insurance agents and ask them to meet with you to describe the group insurance plans available. You may want to have your employees hear the presentations to be sure the plan selected will suit their needs. Many of the insurance companies who have health plans may also offer a tax-sheltered annuity for those who qualify. Retirement programs or profit-sharing programs are other benefits which may result in great financial rewards for the long-term employee.

Selecting Employee Benefit Plans

WHAT TYPES OF BENEFIT PLANS ARE AVAILABLE?

Each plan has disadvantages and advantages. Listed below are six commonly used benefit plans. Exhibit A, "Comparison of Employee-Benefit Programs" compares the advantages of each plan.

The Keyman Deferred Compensation Plan is primarily for the employer who is limited in the amount of money available for employee benefit plans, and who is interested in rewarding a very few key employees.

The Thrift Plan allows the employees to decide how much pay is to be withheld for investment. The employee may withdraw the money in the event of an emergency.

The Keogh Plan was designed for sole proprietors of a business or partners in a partnership agreement. Contributions may be up to 10% of income. The investment profits are allowed to compound and are deferred from taxation until retirement, disability, or death.

You may choose to establish requirements before an employee can participate in a profit-sharing policy. It is common for employers to require the employee to be with the firm three years prior to being eligible to join the profit-sharing program. Many entrepreneurs contribute to the program by matching the employee's contribution or making a standard contribution such as 10% of the employee's gross salary per year.

The Money-Purchase Pension Plan is primarily for entrepreneurs who want to provide a retirement income for employees based on a fixed dollar contribution by the company. This plan has advantages if the average age of the workers is fifty years or more.

The Pension Plan allows you to provide for your employees' retirement benefits. The pension investment can be computed at any time. Benefits are usually paid for life after retirement. These plans are expensive to install because

Exhibit A

COMPARISON OF EMPLOYEE - BENEFIT PROGRAMS

Points of Comparison	Keyman Deferred Compensation	Thrift Plan
Purpose	Motivate and retain key employees	Provide employee incentive through tax-deferred savings
Incentive value	High	Average
Contributions by company	Definite amount	Percent of employee contribution; can depend on profits
Contributions as percent of wages		
By company	No limit (usually	Up to 10%
By employee	NA 5-10%)	Up to 6%
Benefits	Depends on performance of investment or agreement	Depends on performance of investment
Allocation of contributions and earnings	Not allocated until retirement unless otherwise agreed	Allocated to the account of each employee
Vesting (employee's nonforfeitable share of employer's contributions)	All at retirement or as agreed	All after reasonable period of time (usually 10 years)
Disposition of amounts forfeited (unvested portion)	Firm retains	Allocated to account of remaining employees
Ownership	Firm owns	Employee credited with his contributed portion + vested amount
Method of payment of benefit	Lump sum or systematic withdrawal	Lump sum or systematic withdrawal
Receive payments before retirement	No, except as agreed	Yes
Tax advantage	If firm is corporation, yes; otherwise, no.	Yes
Ease of		
Establishment	Easy	Not too difficult
Administration	Easy	Not too difficult
Understanding	Easy	Easy
Cost (legal, accounting, and so on)		
Establishing without prototype	Under $200	Under $200
Establishing with prototype	Not applicable	No cost
Administration (per year)	None	Under $200
Average age of participants	Generally under 50 years	Generally under 50 years

Exhibit A (Continued)

Points of Comparison	Keogh Plan	Profit Sharing
Purpose	Provide employee incentive through participation in profits & tax-deferred savings	Same
Incentive value	High	High
Contributions by company	Depends on earned income	Depends on profits
Contributions as percent of wages		
By company	10% to limit of $2,500	Up to 15%
By employee	10% to limit of $2,500	Up to 10%
Benefits	Depends on performance of investments	Depends on profits and performance of investments
Allocation of contributions and earnings	Allocated to account of each employee	Allocated to account of each employee
Vesting (employee's nonforfeitable share of employer's contributions)	Immediate	All after a reasonable period of time (usually within 10 years)
Disposition of amounts forfeited (unvested portion)	None--immediate vesting	Allocated to account of remaining employees
Ownership	Employee credited with entire balance in his account	Employee credited with his contributed portion plus any vested amount
Method of payment of benefit	Lump sum or systematic withdrawal	Lump sum or systematic withdrawal
Receive payments before retirement	Yes	Yes, when vested
Tax advantage	Yes	Yes
Ease of		
Establishment	Easy	Not too difficult
Administration	Easy	Not too difficult
Understanding	Easy	Easy
Cost (legal, accounting, and so on)		
Establishing without prototype	Under $200	Under $750
Establishing with prototype	Under $25	No cost
Administration (per year)	Under $200	Under $500
Average age of participants	Generally under 60 years	Under 55 years

Exhibit A (Continued)

Points of Comparison	Money-Purchase Pension Plan	Pension Plan
Purpose	Generally provide incentive through retirement income	Generally promote well-being through fixed retirement income
Incentive value	Average	Low
Contributions by company	Fixed annual dollar amount	Fixed on formula basis
Contributions as percent of wages		
By company	No limit (must be reasonable)	No limit
By employee	Up to 10%	Not applicable
Benefits	Depends on performance of investment	Definitely determinable
Allocation of contributions and earnings	Allocated to account of each employee	No allocation required
Vesting (employee's nonforfeitable share of employer's contributions)	All after a reasonable period of time (usually within 10 years)	No later than specified retirement age
Disposition of amounts forfeited (unvested portion)	Allocated to account of remaining employees	Must be used to reduce employer's cost of maintaining plan
Ownership	Employee credited with his contributed portion plus any vested amount	Employee has right to pension payments if he qualifies
Method of payment of benefit	Lump sum or systematic withdrawal	Life annuity payout
Receive payments before retirement	Yes, when vested	No, except incidental benefits
Tax advantage	Yes	Yes
Ease of		
Establishment	Not too difficult	Difficult and complex
Administration	Not too difficult	Difficult
Understanding	Easy	Easy
Cost (legal, accounting, and so on)		
Establishing without prototype	Under $750	Over $1,000
Establishing with prototype	No cost	Cost not available
Administration (per year)	Under $500	Over $500
Average age of participants	Over 50 years	Over 55 years

(Selecting Employee Benefit Plans.)

an actuarial study (a statistical risk study) is necessary in designing the plan. (Adapted from Selecting Employee Benefit Plans.)

TRANSFER, PROMOTION, AND SEPARATION

HOW DO YOU HANDLE TRANSFERS, PROMOTIONS, AND SEPARATIONS?

For the personnel functions of transfer, promotion, and separation to be performed effectively and efficiently, criteria for job evaluation must be developed. You can make transfer, promotion or dismissal decisons without evaluating individual performances based on established job criteria. However, you will not be able to account for your actions.

Job descriptions provide the basis for evaluation. Job criteria for each description will need to be established for evaluation purposes. To determine job criteria, company goals must be established. These criteria (requirements) may include:

1. Accuracy of work
2. Attitude toward coworkers
3. Attitude toward superiors
4. Cleanliness
5. Manner in which tools and equipment are handled
6. Initiative
7. Attendance or days spent at work
8. Giving advance notice of absence from work
9. Ability to make decisions
10. Use of good judgment.

An evaluation form should be designed. You may want input from your employees to develop the form. Employees should know what the form includes and the criteria by which they will be evaluated. They will then know what kind of behavior is expected of them.

A regular evaluation schedule allows the employees to keep in touch with the progress being made on the job. It also allows the employer to keep abreast of the performance of employees. Regular evaluations give you the information you need to resolve problems quickly and in a positive fashion.

PAYROLL AND RECORDS

WHAT ABOUT PAYROLL AND RECORDS?

Local offices of the Internal Revenue Service and your state and/or local taxing authority will provide you with the information you need on payroll and records. If you hire outside help, your Certified Public Accountant (CPA) will assist you in learning about the forms to be used and the records that must be kept regarding employees, including payroll. As you prepare to begin your business, your accountants will assist you in determining pay scales. Likewise, your attorney will advise you of the rules and regulations your business must comply with.

Fair Labor Standards Act

WHO IS COVERED BY THIS ACT?

The Fair Labor Standards Act guarantees equal pay for equal work. It provides for minimum wages, maximum hours, and overtime pay, and it also makes provisions for child labor

organizations. If your employees are covered under the Fair Labor Standards Act, you must pay current minimum wages. Below are criteria for being required to meet minimum wage. Your company must comply with the Fair Labor Standards Act if it meets the following criteria:

- If your company is engaged in producing goods for interstate commerce
- If your retail or service enterprise has an annual gross sales of at least $1 million and a $250,000 annual in flow of interstate goods.
- If you have a local transit firm grossing at least $2 million a year
- If you have a construction firm grossing at least $350,000 annually
- If there are other establishments with individually covered employees in enterprises with gross sales of at least $350,000 a year.

HEALTH AND SAFETY

WHAT ABOUT HEALTH AND SAFETY?

No matter what type of business you operate, accident prevention is a goal. Preventing accidents in your business can pay great rewards to you since employee time will not be lost, Worker's Compensation will not need to be paid out, and the mental strain of worrying over employees will be minimized. You may want to implement an accident prevention program. Contact the Red Cross and the Health Department for assistance in setting up a safety program.

The following steps can be followed in setting up such a program:

1. *Look for hazards.*
2. *Set rules.*
3. *Establish preventive safety maintenance. (Replace damaged items immediately. If something cannot be moved, and it is in a dangerous spot, paint it a bright color.)*
4. *Investigate for prevention.*
   When an accident occurs, ask three questions:
   a. *What happened?*
   b. *Why did it happen?*
   c. *What should be done?*

(Adapted from Preventing Accidents in Small Stores.)

Occupational health should be stressed; employees should be made aware of the need for safety precautions. As a part of the safety program, you may want to hold company meetings to train employees in various facets of safety and health. A Red Cross representative can present a first aid training course. You may also want to have your employees trained in administering cardio-pulmonary resuscitation (CPR). More importantly, you should make employees aware of any occupational hazard that may occur specifically in your firm. If you are working with chemicals, for example, the employees should be trained in the first aid treatment for chemical burns.

In 1970, Congress enacted the Occupational Safety and Health Act. This act compels employers to protect their employees with safe and healthy places to work as well as maintaining a certain standard of safety and health procedures.

You should contact your State Department of Labor and get information about federal and state health and safety regulations.

The Occupational Safety and Health Administration has the authority to enter and inspect a firm without any notice to the owner. Inspectors can issue citations upon finding violations--as much as $1,000 per violation. If a business does not respond and correct the cited violations, the business can be fined further and face possible criminal prosecution.

UNION/EMPLOYER RELATIONS

WHAT ABOUT UNION/EMPLOYEE RELATIONS?

Although small businesses are generally less unionized than large businesses, there is not necessarily any relationship between company size and unionization.

Labor legislation establishes the framework for many union/employee programs. Employers engaged in interstate commerce are required by the National Labor Relations Act to bargain collectively if a majority of employees desire unionization. In fact, discrimination of any type against an employee for union activity is strictly forbidden. The majority of states also recognize by statute the right of labor to organize. However, a number of states have "right to work" laws that limit the extent of unionization by outlawing the union shops.

Labor laws are numerous and complex. State laws vary significantly among the states. Most states have a summary of state labor laws available. You should contact your state

Department of Labor to get information regarding labor regulations peculiar to your state. Several publishers, including Prentice-Hall, Commerce Clearing House, and the Bureau of National Affairs publish information (all generally available at the local university or public library) on contract clauses and grievance procedures. This information can be helpful to entrepreneurs in negotiating an agreement in day-to-day relations with the union.

COMPANY COMMUNICATIONS

WHAT ABOUT COMPANY COMMUNICATIONS?

Among the most important aims of the human relations program in any company is the fostering of good communication within the firm. Care must be taken to insure that management, employees, and customers speak courteously and clearly to one another. Staff training may focus on ways to improve oral communication.

Written communication is often necessary when recording the details of a policy or procedure. Written communication can also enhance company spirit and involvement.

Company Handbook

HOW CAN A COMPANY HANDBOOK BE PREPARED?

An important vehicle for keeping employees informed about the business is the company handbook. It is also very useful in orienting new employees. The following subjects should be included in a company handbook:

1. *Welcome message*

2. *History of the company*
3. *This is our business*
4. *You and your future*
5. *What you will need to know:*
   - *Working hours*
   - *Reporting to work*
   - *"Time Clock"*
   - *Rest periods*
   - *Absence from work*
   - *Reporting absences*
   - *Employment record*
   - *Pay period*
   - *Shift premiums*
   - *Safety and accident prevention*
   - *Use of telephone*
   - *How to air complaints*
6. *These are your benefits:*
   - *Vacations*
   - *Holidays*
   - *Group Insurance*
   - *Hospitalization and surgical benefits*
   - *Free parking*
   - *Training programs*
   - *Christmas bonus*
   - *Savings plan*
   - *Profit-sharing plan*
   - *Suggestion awards*
   - *Jury duty*
   - *Military leave*
   - *U.S. Old Age Benefits*
   - *Unemployment compensation*
   - *Service awards*
7. *These special services are for you:*
   - *Credit union*
   - *Education plans*
   - *Medical dispensary*
   - *Employee purchases*
   - *Company cafeteria*
   - *Monthly magazine*
   - *Annual Outing*
   - *Bowling league*
   - *Baseball team*
8. *Index or Table of Contents*

(Adapted from Pointers on Preparing an Employee Handbook, p.3)

The Company Newsletter

WHAT ABOUT THE COMPANY NEWSLETTER?

If your company is large enough you might want to put together a newsletter. It need not be elaborate or expensive to be worthwhile. Before you begin to publish the newsletter you will need to decide how large it will be and how often it will be printed. Get the costs pinned down. How will you get it printed? Someone will need to type it, do the paste-up, and prepare it for reproduction. Lead times and due dates will need to be determined. Who is going to write it for you? Someone in the firm should coordinate the whole newsletter. Strategies need to be developed to get news contributions from employees. What type of articles do you want to put into it? You might want to feature, for example, one topic in each issue of the newsletter. If safety is an important factor within your business you might also wish to have a column in each newsletter entitled, "Company Safety Notes."

Preparing Memos

HOW IMPORTANT IS THE INTEROFFICE MEMO?

The interoffice memorandum can help you communicate with your employees. Always keep a copy of any memos you send to employees. After you have noted the date, to whom you are writing, and from whom the memo is coming, write the message in concise and explicit language. It must be interpreted correctly so the proper action can be taken. The following items are usually included in a memo:

To: Mary Jones

From: R. Smith

Date: January 18, 1980

Subject: Company Newsletter

(Content): Please contact the printer, B. J. Doe and Company, to determine completion date of January newsletter and advise.

ORGANIZING COMPANY SPONSORED GROUPS

WHAT ABOUT COMPANY SPONSORED GROUPS?

Often, companies organize groups as a way of promoting morale and keeping employees happy. The group may be recreational or it may be geared directly to the company's objectives. You must first determine if there is a need for a particular type of group. Survey your employees and find out what their interests are. Give them some ideas of what you had in mind regarding an organized group. You will need to appoint someone to head up the company group and to work with the group to be sure employee needs are met.

PREPARATION/ADAPTATION ACTIVITIES

Are you able to apply these principles of managing human resources to your business aspirations? Are you now knowledgeable about this area? The following activities should help you check your knowledge about managing human resources.

ASSESSMENT ONE

1. Cite the benefits you believe should be made available to employees. Why should the benefits be offered?
2. Describe the Fair Labor Standards Act. What does it include?
3. How might you set up a company handbook? A company newsletter?

POSTASSESSMENT

1. Identify and explain the steps which must be used when performing each personnel function.
2. Describe the procedures that might be used by a firm in developing company organized groups.
3. Select one company communication method and describe it in detail. What ought to be included? How should it be disseminated?
4. Write a safety program for a firm in the field in which you hope to open a business. Your program ought to be specific. For example, what rules and regulations would you develop?
5. Describe three employee retirement programs you would want to consider for your firm.

Compare your answers to your responses to the preassessment. You may want to check your postassessment answers with your instructor.

SELF-EVALUATION

How well did you know the information needed to do the activities?

( ) Very well

( ) Fairly well

( ) A little

Be honest with yourself. If you feel you don't know the material well enough, it might be helpful to review this section before going on.

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FILMS

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EXPLORATION LEVEL:

"Anything is Possible--With Training" (13½ min., sd., color, 16 mm)

Examples of successful employee training in a telephone answering service, a boat yard, and a newspaper office convince a woman planning to open a restaurant that employee training is essential to business success.

"The Man or Woman for the Job" (14 min., sd., color, 16mm)

Points out the importance of effective recruitment and selection procedures through the experiences of a small print shop owner. Brief vignettes of other types of businesses reflect various sources of employees.

RESEARCH AND DEVELOPMENT SERIES NO. 194 C-6

PACE

A Program for Acquiring Competence in Entrepreneurship

Instructor's Guide

Part III

Being An Entrepreneur

Unit F

Managing Human Resources

THE NATIONAL CENTER
FOR RESEARCH IN VOCATIONAL EDUCATION
THE OHIO STATE UNIVERSITY
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USING THE INSTRUCTOR'S GUIDE

The Instructor's Guide contains the following:

- Teaching/Learning Objectives (identical to the Teaching/Learning Objectives found in the PACE unit)
- Teaching/Learning Delivery Suggestions
- Pre/postassessment Suggested Responses

This information is geared towards the three levels of learning, and is designed for use as a supplemental teaching aid. Additional instructions for using PACE, sources of information, and an annotated glossary can be found in the PACE Resource Guide.

PRE/POSTASSESSMENT
SUGGESTED RESPONSES

EXPOSURE

1. The personnel management functions are employment and placement; training; benefits and services; transfer, promotion, and separation; payroll and records; and health and safety.

2. The chart should reflect the scope and importance of the personnel management needs to the firm. Personnel management may be handled by the owner-manager alone or by an individual appointed by her or him; or the scope of human resources needs may require the formation of a personnel department.

3. Communication methods commonly used are employee handouts, newsletters, written memos, and bulletin boards.

4. Responses should indicate the strategies the firm can use to attract and retain good employees.

EXPLORATION

1. Seven personnel functions should be identified. Techniques for the employment and placement function include deciding on type of applicant needed, recruitment, and screening. Techniques for the remaining six functions should also be included. Responses should indicate knowledge of techniques for each function.

2. Company organized groups can foster a positive attitude and loyalty toward the company and improve the company's image. However, these groups take both time and money from the company's operations.

3. Companies establishing effective communications systems have better informed and more satisfied employees who contribute to the communication system in a positive manner.

4. Employers are liable for accidents resulting from wrongful acts that they approve, command, or tolerate; or for accidents which result from within the scope of employment.

5. Benefits include insurance, vacation, sick leave, and company sponsored groups.

PREPARATION/ADAPTATION

1. Steps involved in performing the following activities should be identified and described: employment and placement; training; benefits and services; transfer, promotion, and separation; payroll and records; and health and safety.

2. The firm should survey employees to determine whether there is a need for a particular type of group. The firm should communicate its company group plans and ideas, and try to get employee feedback. Once a group is established, the business should appoint a leader who assures that employee needs are met.

3. Responses should be detailed descriptions of memos, bulletin boards, newsletters, or employee handbooks.

4. The safety program should comply with all government regulations and should include devices to document compliance, with specific reference to the Occupational Safety and Health Administration (OSHA).

5. Descriptions should indicate an understanding of the factors that should be considered when selecting and implementing a retirement plan and a knowledge of the various programs.

LEVELS OF LEARNING	TEACHING/LEARNING OBJECTIVES Upon completion of this level of instruction you should be able to:	TEACHING/LEARNING DELIVERY SUGGESTIONS A variety of different teaching/learning methodologies have been used. To help you organize your work and plan the use of this level these suggestions are made:
Exposure	1. Identify the functions of personnel management. 2. Explain the various ways in which the personnel function is organized. 3. Describe company communication programs via newsletter, employee handbook, special events for staff, and written memos. 4. Describe the responsibilities employers have to employees.	1. Interview local entrepreneurs regarding their personnel programs. 2. Obtain various personnel forms such as application blanks from different kinds of local firms including retail, wholesale, service, and manufacturing businesses.
Exploration	1. Identify accepted practices in hiring, maintaining, training, evaluating, and dismissing employees. 2. Describe the advantages and disadvantages of company organized groups. 3. Describe effective company communication methods and identify the outcomes expected from an effective communication system. 4. Identify the conditions to be considered in deciding if the employer is liable to third parties for employee-caused accidents.	1. Obtain information from local entrepreneurs on the organizational structures they use in implementing their personnel programs. 2. Obtain different types of company communication media such as newsletters, bulletins, and posters.
Preparation/Adaptation	1. Identify techniques used in managing human resources. 2. Name the procedures for developing company organized groups. 3. Identify company communication techniques. 4. Outline a safety program for the type of business you want to open.	Contact your nearest state employment office for information regarding the responsibilities of entrepreneurs in state unemployment insurance programs and employee disability/worker's compensation programs.

The PACE series consists of these parts and units.

PART I: GETTING READY TO BECOME AN ENTREPRENEUR

- Unit A: Nature of Small Business
- Unit B: Are You an Entrepreneur?
- Unit C: How to Succeed and How to Fail

PART II: BECOMING AN ENTREPRENEUR

- Unit A: Developing the Business Plan
- Unit B: Where to Locate the Business
- Unit C: Legal Issues and Small Business
- Unit D: Government Regulations and Small Business
- Unit E: Choosing the Type of Ownership
- Unit F: How to Finance the Business
- Unit G: Resources for Managerial Assistance

PART III: BEING AN ENTREPRENEUR

- Unit A: Managing the Business
- Unit B: Financial Management
- Unit C: Keeping the Business Records
- Unit D: Marketing Management
- Unit E: Successful Selling
- Unit F: Managing Human Resources
- Unit G: Community Relations
- Unit H: Business Protection

RESOURCE GUIDE